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ABSTRACT

Provided are a committee report on the Act for Better Child Care Services of 1988, as amended, and dissenting, additional, and individual views on the legislation. The Act, H.R. 3660, authorizes matching grants to states to: (1) assist low- and moderate-income families with their child care costs on a sliding fee scale basis; and (2) carry out related activities designed to promote the availability of affordable, high quality child care services. Substantial sections of the report offer information on the background and need for legislation, an explanation of the bill, information on the cost of the legislation, and a section-by-section analysis. Legislators in disagreement with the Act assert that the approach taken by the bill is inherently flawed and that the bill must be defeated. (RH)

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ACT FOR BETTER CHILD CARE SERVICES OF 1988

SEPTEMBER 27, 1988.—Ordered to be printed

Mr. HAWKINS, from the Committee on Education and Labor, submitted the following

REPORT

together with

DISSENTING, ADDITIONAL, AND INDIVIDUAL VIEWS

[To accompany H.R. 3660]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Labor, to whom was referred the bill (H.R. 3660) to provide for a Federal program for the improvement of child care, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes out all after the enacting clause of the bill and inserts a new text which appears in italic type in the reported bill.

I. INTRODUCTION

H.R. 3660 authorizes matching grants to states to assist low- and moderate-income families with their child care costs on a sliding fee scale basis and to carry out related activities designed to promote the availability of affordable, quality child care services.

II. COMMITTEE ACTION

Three hearings were held on the issue of child care during the second session of the 100th Congress. Hearings on the Act for Better Child Care Services of 1987 were held in Washington, D.C. on February 25, 1988, and in Louisville, Kentucky on April 23, 1988. In addition, one hearing was held on the general issue of child care in Washington, D.C., on April 21, 1988.

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Testifying at the February 25, 1988, Washington, D.C., hearing were: The Honorable James J. Florio, Member of Congress; Marian Wright Edelman, President, Children's Defense Fund accompanied by Helen Blank, Director of Child Care; Thomas R. Donahue, Secretary-Treasurer, American Federation of Labor and Congress of Industrial Organizations; Audrey Russell, Child Advocacy Working Group, National Council of Churches of Christ in the USA; Dr. George G. Sterne, Ameican Academy of Pediatrics, Chairman, Committee on Early Childhood, Adoption and Dependent Care; Gerald W. McEntee, President, American Federation of State, County and Municipal Employees; Evelyn K. Moore, Executive Director, National Black Child Development Institute; Virginia T. Austin, President, Association of Junior Leagues; The Honorable Charles E. Hayward, Secretary of Delaware's Department of Services for Children, Youth and Their Families, and Chairman, National Council of State Human Service Administrators' Task Force on Day Care; Morton Bahr, President, Communication Workers of America; Nan Rich, National Executive Committee Member, National Council of Jewish Women; Bishop C. Dale White, New York City Area Bishop, United Methodist Church; Dr. Gwendolyn Calvert Baker, National Executive Director, Young Women's Christian Association of the U.S.A.; Mary Hatwood Futrell, President, National Education Association; Wilhelmina D. Goff, Director of Program and Development, National Council of Negro Women, Inc.; Dr. James M. Jones, Executive Director for Public Interest, American Psychological Association; Joyce Strom, Deputy Director, Child Welfare League of America; Nancy Duff Campbell, Managing Attorney, National Women's Law Center; Beth Wray, President, National Association of Business and Professional Women's Clubs, Inc.; Sarah Harder, President, American Association of University Women; Barbara J. Reisman, Executive Director, Child Care Action Campaign; E. Robert Goodkind, Chairman, Family Policy Task Force, American Jewish Committee; and The Honorable James Scheibel, President of the St. Paul, Minnesota City Council, and Immediate Past Chair of the Human Development Committee, National League of Cities.

Testifying at the April 21, 1988, Washington D.C., hearing were: The Honorable Olympia J. Snowe, Member of Congress, accompanied by Cleo Terry, Child Protection Manager, Illinois Department of Children and Family Services; The Honorable Nancy L. Johnson, Member of Congress; The Honorable Clyde C. Holloway, Member of Congress; The Honorable William J. Bennett, Secretary of Education; The Honorable Nick A. Theodore, Lieutenant Governor, State of South Carolina; Dr. Alfred J. Kahn, Columbia University School of Social Work; Arlene Zielke, Legislative Program Committee's Vice-chair, National Congress of Parents and Teachers; Mrs. Cass Ballenger, Member, North Carolina Day Care Commission; Karl Zinsmeister, Adjunct Research Associate, American Enterprise Institute for Public Policy Research; Dr. Richard M. Clifford, The Frank Porter Graham Child Development Center, University of North Carolina at Chapel Hill; Inez Holloman, Owner/Operator, Holloman Child Development and Education Centers; Phyllis Schlafly, President, Eagle Forum; Ruth Mankin, Vice President, Delaware Chamber of Commerce; Douglas J. Besharov, Resident

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Scholar, American Enterprise Institute for Public Policy Research; Dr. Heidi Hartman, Director, Institute for Women's Policy Research, and Professor of Sociology and Director of Women's Studies, Rutgers University; Robert Rector, Policy Analyst, Heritage Foundation; and Mark L. Rosenberg, National Child Care Association.

Testifying at the April 23, 1988, Louisville, Kentucky hearing were: The Honorable Jerry E. Abramson, Mayor, City of Louisville, Kentucky; The Honorable Melissa A. Mershon, Board of Aldermen, Louisville, Kentucky; The Honorable Paul C. Bather, Board of Aldermen, Louisville, Kentucky; The Honorable Darryl T. Owens, Commissioner, Louisville, Kentucky; Sharon Wilbert, representing The Honorable Harvey I. Sloane, County Judge/Executive, Louisville, Kentucky; Elizabeth A. Grever, Executive Director, Community Coordinated Child Care, Louisville, Kentucky; The Honorable Walter Blevins, Jr., Kentucky State Representative; Linda Locke, Advocacy Director, Community Coordinated Child Care; Frances Diana Fleming, Public Affairs Director, Jefferson County Attorney's Office, and Director, The Caring Connection, Louisville, Kentucky; Mavis Higgs, Director, St. Alban's Episcopal Church Child Care Center, Louisville, Kentucky; Cleda Lawson, Director, Floyd County Developmental Child Care, Prestonburg, Kentucky; Edward M. Schottland, Senior Vice-President, NKC Hospitals, Louisville, Kentucky; Nelle P. Horlander, Kentucky Vice President, Coalition of Labor Union Women; Margaret Brodley, Louisville, Kentucky; Lizzie Wallace, Bracken County, Kentucky; and Maria A. Billingslea, Louisville, Kentucky; Ms. Carolyn Johnson, Coalition for Freedom of Choice in Child Care, Louisville, Kentucky; Joy Atteberry, Director, Kiddy Campus Day Care, Louisville, Kentucky.

H.R. 3660 was introduced by Mr. Kildee on November 19, 1987, with 130 co-sponsors. The bill was approved by the Subcommittee on Human Resources on June 30, 1988. It was considered by the full Education and Labor Committee on August 3, and 4, 1988, and ordered reported on August 10, 1988, by a vote of 19 to 14.

III. Background and Need for Legislation

There have been many changes in our society over the past 30 years. One of the most striking of these has been the increase in the number of women participating in the workforce. Since 1966, the number of women in the workforce has nearly doubled with women comprising 44 percent of the labor force in 1986. Significantly, the majority of new entrants into the workforce have been married women with young children. Today, almost 60 percent of women with children under the age of six are in the workforce. Over 10.5 million children under six have a mother in the workforce. There is every reason to believe this trend will continue. By 1995, two-thirds of preschool children (14.6 million children) and nearly four out of five children between the ages of 6 and 17 (34.4 million) are expected to have mother in the workforce.

A 1983 New York Times poll reported that "for 71 percent of mothers who work the primary reason was not for something interesting to do but to support their families." Data on family income bears this out. The average income of two-parent families with chil-

dren dropped 3.1 percent between 1973 and 1984. This decrease would have been more than three times as great (9.5 percent) had mothers not increased their participation in the workforce. A recent study by the Joint Economic Committee states that in 1984 the poverty rate for two parent families was 35 percent lower than it would have been if mothers had not worked. The conditions which make it necessary for these mothers to work may not be present at the time their children are born, but may include subsequent divorce, widowhood, or a reduction in family income due to a plant closing or business relocation.

Testimony before the Committee on Education and Labor shows that parents seeking child care face three barriers; high cost, limited supply and uneven quality. These factors limit child care choices, and often force parents to settle for whatever is available rather than what they prefer. To remedy this situation, and to expand parental choices, a new federal investment in child care is required which addresses each of the barriers that parents face in their search for quality child care. Without such an investment, parents with few options face the real prospect of having to leave their children in unsafe and unhealthy places during the hours they participate in the workforce.

The Act for Better Child Care Services (ABC) addresses each of the factors contributing to this country's current child care crisis. It addresses affordability by reserving 75 percent of funds to assist low- and moderate-income parents in purchasing child care. It encourages the expansion of new child care options by targeting funds for activities designed to increase the supply of a variety of child care situations including family day care homes, group child care homes and child care centers. Finally, it responds to parents' desire for higher quality child care by establishing a minimum floor for health and safety below which no provider should fall and by providing funds to assist programs in meeting, and states in enforcing, the standards provided for in the bill.

AFFORDABILITY

It is estimated that nationally the average cost of child care is $3,000 annually. The cost of child care in major cities and for infant care and children with handicapping conditions is usually significantly higher. With two children in child care, a family of four with poverty level wages would have to spend more than half of its income on child care. In 1985, the poverty rate for all female headed families was 34 percent. It was dramatically higher for younger female headed families—74.2 percent.

Some contend that affordability is less of a problem because low-income families prefer to use inexpensive, informal child care arrangements. However, the use of these arrangements is frequently dictated by a lack of financial resources. Families with little income therefore tend to use, but not necessarily to prefer, the least expensive child care available. A representative of the Illinois Department of Children and Family Services testified about the recent closing of an unregulated family day care home in Waukegan, Illinois where 47 children were being cared for in a basement by a single caregiver—more than half of the children were under

the age of two. Many of the parents said they could not afford other child care arrangements. These parents paid $25 a week for this care while the cost of child care in their community averaged $75 a week.

AVAILABILITY

The supply of child care is woefully inadequate to meet the increasing demand for services. Commenting on studies done in California regarding the supply of child care in a hearing last year, Dr. Karen Hill-Scott testified that "it is painfully obvious that we do not have enough care for the families already who are in the labor force and paying for care out-of-pocket." She went on to say that "adding the child care needs of our welfare participants is like pouring water on a wet sponge."

This situation is not unique to California. Communities across the country report significant gaps between the number of children needing child care and the number of regulated child care slots.

New York City reports that there are 250,000 children in the city under age five who are competing for 44,000 licensed day care slots.

The Tennessee Governor's Task Force finds that licensed day care programs are available for only one out of five toddlers who need care; and licensed child care is largely unavailable to many children in rural areas and to most handicapped children.

The Arkansas Governor's Task Force finds that the state has slots in regulated family day care homes and child care centers for 45,700 preschool children and school-age children, whereas the 1980 census indicates that Arkansas has 273,245 children under the age of 13 with working mothers.

These are not isolated or unusual examples. Information provided to the Committee clearly shows that unless a major effort is launched, the demand for child care will continue to increase more rapidly than the supply. An adequate response to the demand for safe and affordable child care can only be achieved through the development of a strong partnership between the federal government, state and local governments, employers, religious institutions, public schools, and charitable institutions. No single entity can address the entire need alone.

The availability of school age child care is also in short supply. School age children are in school for most of the hours that their parents participate in the workforce. However, the care they can require for a few hours before and after school until parents return from work is often unavailable. For example, Boston community schools' preschool and after-school program serves 1,000 youngsters, with 4,000 waiting to enroll. Although the program has tripled in size in the past 5 years, it still cannot keep up with the demand. The Census Bureau estimated that in 1985, over 2 million "latchkey" children spent some part of the day alone while their parents worked. In a recent Harris poll, 51 percent of teachers reported that being left alone after school is the most critical factor undermining a child's school performance.

Child care for school aged children can take a variety of forms including care provided by family child care providers and school based services. School based before- and after-school programs generally give preference to the children participating in the regular school program, a practice which would not be affected by the Act.

Testimony before the Committee indicated that despite an increased investment in child care by a number of states, the vast majority have not been able to make safe child care affordable for the millions of low- and moderate-income children who would benefit from such assistance.

> Although Florida served 90 percent more children in 1987 than in 1981, the state maintains a waiting list for low-income families of more than 28,000.
>
> Louisiana provides child care subsidies to 4,309 children. It has 9,925 eligible children on the waiting list.
>
> California, which spends more than any other state on child care, only serves approximately 7 percent of eligible low-income children.
>
> Kentucky provides child care for 4,600 children with another 2,230 children on a waiting list. Fifty percent of Kentucky's counties provide no child care assistance to low-income working parents.

While business involvement in the provision of child care services has risen 400 percent in the past 4 years, only about 3,300 out of 6 million employers provide some form of child car assistance. The most typical benefit is referral to community child care services. Less than a quarter of these businesses provide on-site child care services and very few actually help employees pay for child care. Most of the employers who offer on-site child care are hospitals. In a 1987 survey of 129 hospitals conducted by the National Association of Hospital Child Care Programs, on-site centers reported serving 12,226 children while maintaining a waiting list of totaling nearly 8,000.

The federal support which currently exists for families in need of child care is also limited. The largest federal effort to help families pay for child care is the Child and Dependent Care Tax Credit. However, because the credit is not refundable, it is of no use to very poor families with no tax liability. Even a refundable credit would not provide the assistance necessary to help these families obtain quality child care as poor famiies cannot afford to make significant out-of-payments and wait for an after-the-fact reimbursement. Further, tax credits neither increase the supply of child care nor address the issue of the quality of child care.

The largest direct source of support for child care for low- and moderate-income families is available through the Social Services Block Grant (Title XX of the Social Security Act), which provides grants to states for a range of human service needs. Child care is only one of many allowable expenditures.

Appropriately 15 to 18 percent of Title XX funds are spent by the states for child care. Title XX was first authorized in 1975. However, since that date budget cuts and inflation have reduced its buying power by almost one-half. With less federal assistance States are able to provide less child care assistance. When state expenditures are adjusted for inflation, 28 states were spending less

for child care in 1987 than in 1981. In contrast, between 1981 and 1986, the number of children younger than six whose mothers were in the labor force grew by 21.4 percent. During this period the number of children under six living in poverty also grew by 41 percent.

While Head Start is not a child care program, it does have the ancillary effect of providing limited care to the children of some low-income parents. However, only 18 percent of the eligible children are participating in this primarily part-time program. The bill seeks to provide coordination of services between Head Start and child care services, to better meet the needs of families for full-day care.

QUALITY

Equally important as the affordability and accessibility of child care is its quality. According to a recent public opinion survey conducted by Marttila & Kiley, a respected independent polling firm, 75 percent of those questioned support national standards because they recognize that it is the children themselves who pay when quality care is unavailable. In December 1986, Fanny, age two, and Asif Khan, age four, were killed and six children were injured when a fire broke out in an unlicensed family day care home in Brooklyn. Their family day care provider was unable to get them all to safety because she was caring for too many children. Ten-month old Ashly Snead died of poisoning in July, 1987 While in the care of a family day care provider who had been previously convicted of neglecting her own two children. More recently, two infants in Battle Creek, Michigan drowned in a bathtub while in the care of an unregulated family child care provider caring for 13 children.

The basic health and safety needs of a child are the same everywhere, but information provided to the Committee indicates that minimum protections are not uniformly guaranteed to families that must use child care. Handwashing is one of the least costly and most effective methods for preventing the spread of infectious diseases, yet at least seven states do not require handwashing before and after diapering and before food preparation. Common sense and unfortunate experience indicate that there is a limit to how many children, especially infants, a single caregiver can evacuate from a building in the event of a fire, yet 19 states allow individual family day care homes to care for more than 6 children. Testimony presented to the Committee by the American Academy of Pediatrics indicated that standards offer a number of health benefits including immunization, disease prevention and the early detection of hearing impairments. Yet, ten states have no specific health training requirements for caregivers.

Some argue that it is not necessary to require child care programs to meet existing state regulatory requirements, let alone minimum national standards, because parents are the best judges of quality. Yet, the majority of states do not guarantee unlimited parental access to their child during the hours the child is attending a child care program.

While standards will not eliminate all substandard care, they can help reduce the likelihood of abuse. A study of North Caroli-

na's day care system found that complaints concerning unregistered family day care homes were three times more likely than those concerning registered homes, and that child care centers subject to lower standards and less monitoring were five times more likely to be the subject of serious complaints than programs that met higher standards and were monitored more frequently.

AN INVESTMENT IN CHILD CARE IS COST-EFFECTIVE

Research indicates that quality child care programs not only are important to the health of our children but also to the health of our economy. Several studies indicate that there are economic consequences to an unsound child care system. For example, a Fortune magazine survey found that child care dissatisfaction was the most reliable predictor of absenteeism and unproductive work time for working parents of both sexes with children under six. A recent Census Bureau study reported that one in 20 working mothers were absent from work in the one month previous to the study because of child care problems, and in a study of 5,000 workers at five midwestern corporations, 58 percent of the women and 33 percent of the men with young children felt their child care concerns affected their time at work in unproductive ways.

The Committee for Economic Development, an independent research and educational organization of over 200 business executives and educators concerned about the viability of the future workforce in America, recently released a report entitled "Children in Need" which stated:

> With child care services that are affordable, safe, and of high quality, more poor parents could be encouraged to seek work outside the home and become self-supporting or at least be able to contribute partially to the support of their families. Such a change in their situation could have a two-fold positive impact. Working at productive employment provides people with enhanced self-esteem and increased economic power. This, in turn, tends to increase their aspirations for their children. In addition, their children begin to make the connection between education and work and find improved role models in the home.

Child care is an investment in both children and their families. Child care also is critical to helping families be self-sufficient. According to the U.S. General Accounting Office, about 60 percent of Aid to Families with Dependent Children work program respondents were prevented from participating in work programs due to the lack of child care. Other studies demonstrate that the lack of affordable child care is a critical factor in inhibiting the participation of low-income women in work and training programs. The June 1982 Current Population Survey found that 45 percent of single mothers and 36 percent of low-income mothers would seek work if child care were available at a reasonable cost. Finally, a 1986 survey of welfare recipients in Washington State found that nearly two-thirds of those responding cited difficulties with child care arrangements as the primary problem in seeking and keeping jobs.

When direct assistance is provided to help low-income families purchase child care, they are able to make substantial progress toward self-sufficiency and important contributions to the nation's economic health. For example:

Family income and taxes paid increased six and one half times among California families who used a child care program for two years.

Almost half the participants in the Massachusetts Employment and Training program designed to help low-income women get off welfare succeeded in so doing. The critical program component was child care.

Child care offered on a sliding fee scale to low income families in Florida resulted in a 50 percent reduction in welfare recipients, a 123 percent improvement in employment, and 117 percent increase in family income.

According to the Colorado Department of Social Services, it cost 62 percent less to provide parents with child care assistance to enable them to work, than to support such families through other programs.

CONCLUSION

The Act for Better Child Care Services is built on the premise that all of society benefits when government helps strengthen the ability of families to address the needs of their children. ABC offers a comprehensive approach to creating the sound child care system necessary to provide parents with greater options and states with the resources to create the framework necessary to weave together today's patchwork child care system into a sensible and responsive pattern of child care services. ABC builds on what states already do. As Dr. Alfred Kahn, of Columbia University, testified "the ABC bill, building on sliding fees, information and referral, and state committees is simply building on what has already been invented by the American people."

IV. Explanation of the Bill

TITLE I—THE ACT FOR BETTER CHILD CARE SERVICES

H.R. 3660 authorizes $2.5 billion for a voluntary program of matching grants to states to assist low- and moderate-income families with their childcare costs and for related activities designed to promote the availability, affordability, and quality of child care services. Funds are provided to states based equally upon the number of children in the state under the age of five, the number of children in the state eligible for free and reduced-price lunches under the school lunch program established by the National School Lunch Act, and the state's per capita income. The use of per capita income in the eligibility formula further ensures that states with lower per capita incomes, and therefore more limited ability to raise revenue to pay for child care services, receive a relatively larger share of the ABC funds than do states with the means to make a greater contribution to their citizen's child care needs. The state match is set at 20 percent. Existing non-federal expenditures for child care, including existing state expenditures, may count

toward the state matching requirement. Additionally, states are not prohibited from using outside funding sources such as voluntary business and corporate contributions to meet the match. However, a state may not use federal funds to supplant current state spending for child care.

To be eligible to receive assistance, the Chief Executive Officer of any state wishing to participate must designate a lead agency to administer the program, and must appoint a state advisory committee to assist the lead agency in carrying out its responsibilities. Local advisory committees also are to be appointed. In addition, an application must be submitted to the Secretary of Health and Human Services which includes an assurance that the State will comply with the requirements of the Act and establish a five year state plan. Planning grants are available for states that need financial assistance to complete the application process. The Committee notes that submission of data collected under Section 106(c)(13) to the Secretary can be carried out on a biennial basis.

A key role of both the state and local advisory committees is to help ensure public input into the development and operation of the state child care plan as well as to comment on the minimum national health and safety standards proposed under Section 117. In addition, a subcommittee of the state advisory committee is to be convened to report on the status of child care licensing and enforcement in the state and to make recommendations for any improvements that may be needed.

In appointing local advisory committee members, the Committee expects that maximum consideration be given to local recommendations as to who should serve. The Committee notes that new or separate advisory committees need not be established if committees that meet the bill's requirements already exist.

USE OF FUNDS

Direct assistance to families

At least 75 percent of the state's allotment is to be used to help low- and moderate-income families, in which parents are employed, seeking employment, participating in training programs of enrolled in educational institutions, to meet the cost of child care for their children under age 13 on a sliding fee scale basis which takes into account family income. Priority must be given to serving children from families with very low income first. The sliding fee scale is to be established in a manner that ensures the full cost of care to families with the lowest incomes.

The total of state assistance and family contribution is to be no lower than the market rate of care for the area in which the family resides. Providing market rate of care ensures that low-income families will be able to compete with families whose incomes enable them to pay the full cost of care. Providers are often unwilling to serve children whose care is subsidized at rates lower than the amount generally charged for care in a given community.

States may distribute funds for the benefit of eligible children through grants or contracts with eligible child care providers or through child care certificates which may be used by parents to acquire care from eligible providers. Eligible providers must meet

either applicable state licensing or regulatory requirements, and must comply with other povisions of the bill (providers that are regulated by the states, but not required to be licensed, need only meet the applicable regulatory requirements). Eligible providers may include, but are not limited to, school based providers, family child care providers, religiously-affiliated providers, non-profit providers, for-profit providers, group home care providers and units of general purpose local government including regional councils. Providers who employ persons convicted of sexual abuse or a child pornography offense are ineligible to participate.

Some religiously affiliated programs may be closed on certain religious holidays, or may provide meals and snacks that are prepared in accordance with certain religious dietary requirements. In such cases, the Committee believes such programs should be eligible for assistance under this Act.

Funds are to be equitably distributed among all regions of the state and among a variety of types of providers. Additionally, child care services are to be provided for an adequate number of hours and days to serve the needs of parents of eligible children including those who work nontraditional hours.

The Committee notes that parental choice among child care providers need not be restricted by the manner in which the state chooses to distribute ABC funds. Not only does the legislative language contain specific directives concerning parental choice, it also permits states the flexibility to use a variety of innovative mechanisms for distributing funds. For example, one such mechanism is that used in the state of North Carolina. North Carolina distributes child care assistance totally through contracts. However, if a parent chooses to use a child care provider not under contract with the state, the state does write a contract with that provider if the provider is willing to accept the child and meets program requirements.

ABC takes parental concerns for quality into account by ensuring a strong role for parents in all aspects of its implementation. The bill requires states to establish procedures for parental involvement in state and local planning, and in the evaluation of child care programs and services in each state. Parental representation is required on both the state and the national advisory committees. Access to their children is critical to parents, therefore each child care program is required to provide parents with unlimited access during the hours their children are receiving care. In order to facilitate parental oversight each provider is to post the telephone number of the agency where parents can call regarding licensing complaints.

With respect to the allotment for Indian tribal programs, which may range between 1½ percent to 3 percent, the Committe intends that the Secretary take into consideration the need, as determined by the Department and applications submitted (particularly the level of acceptable applications submitted but unfunded in a previous fiscal year), when setting the amount of this setaside.

Child care certificates

Section 107 (a)(1)(C) and (a)(2) of the Act permits the states to establish a program to provide child care assistance to parents

through a system of child care certificates which may be redeemed by eligible providers. The Committee emphasizes that it views the use of such certificates, or vouchers, in the context of what is now substantially aid to a non-public system of service-providers, to be significantly different and distinct from, and more important, no precedent for the use of such certificates or vouchers in the context of this nation's existing predominantly public system of elementary and secondary education.

Thus, the Committee wants to make clear that it views federal financial assistance provided in the form of child care certificates under this Act as distinct from education vouchers, which the Committee has consistently opposed. The Committee also wants to emphasize that federal financial assistance in the form of child care certificates should receive the same legal treatment as grants and loans under this Act.

The Committee intends that the voucher system established under this Act will provide no basis for the establishment of a voucher system affecting the Nation's existing elementary and secondary education school systems or for changing the way in which federal aid is or will be provided to such elementary and secondary education systems in the future.

Child care services for children enrolled in part-day preschool programs

At least 10 percent of the funds available to assist families in purchasing child care are to be reserved for serving eligible children who also attend certain part-day education programs, including Head Start and Chapter One preschool programs. These funds are to be used to coordinate child care services with part-day education programs so that children can receive full-day, full-year care through a combination of programs. ABC funds would be used to provide age-appropriate child care services rather than for expanding the specific education or preschool programs which comprises the other half of the day. ABC does not require all half-day preschool programs to extend their hours. In fact, the relatively small amount set aside for services to this group is so limited that it cannot be used by all programs. Rather, these funds simply ensure that, where it is appropriate and practical, the hours and days of operation of such programs may be extended.

ASSISTANCE TO IMPROVE QUALITY AND EXPAND THE SUPPLY OF CHILD CARE

At least 15 percent of the state's allotment must be spent on related child care activities designed to increase the availability of quality child care. These activities include funding for training and technical assistance including scholarship assistance for low-income individuals seeking a child development credential, improving caregiver salaries, special assistance to family child care providers, resource and referral programs, grants and/or low-interest loans to family and nonprofit child care providers to establish child care programs, grants and/or loans to assist any child care provider to meet local, state, and federal standards. Spending must occur in

each activity, but the amount to be spent in each area is left to the discretion of the state.

Training and child development associate certificate (CDA)

Research consistently shows that positive developmental outcomes accrue to children in child care programs staffed with adequate numbers of adults trained in the special skills of early childhood development. Training will enable adults to acquire the special skills required of excellent teachers, such as keeping children with different abilities and interests involved in a subject, promoting positive social interaction and working with parents.

Because training is so critical to ensuring quality services for children, states must ensure that, within two years after the date of enactment of the legislation, all individuals providing licensed or regulated child care services complete a minimum of fifteen hours of training per year. Grants to carry out training programs are to be provided to public or private non-profit organizations and the training is to cover subjects ranging from health and safety and child growth and development to business management practices and procedures. The Committee notes that this is a modest requirement and could be completed in a week by investing three hours an evening. The Committee also notes that the Army requires family day care providers to take 24 hours of annual training (9 hours more than ABC requires) and center-based caregivers to take 38 hours of training each year (23 hours more than ABC requires).

The Committee believes that it is important to assist child care providers to improve their skills. While ABC does not require caregivers to hold a CDA certificate, grants are available to assist low-income individuals in obtaining the CDA certificate as well as other credentials.

In its 1984 child care report, the Select Committee on Children, Youth and Families found that the skills and competence of child care providers are among the most critical determinants of a healthy and safe environment for children. CDA is the only national program that certifies child care providers, providing uniform assurances to parents that child care providers are well trained and have been thoroughly assessed by a national review board. Until 1986, federal support for the CDA credential had been withdrawn, resulting in prohibitive assessment costs for many child care providers, most of whom are low-income. This provision in the ABC bill does not create a new program, it simply continues a federally established CDA scholarship program which 38 states currently recognize in their requirements for center-based caregivers.

Caregiver salaries

In testimony before the Committee the American Psychological Association pointed out that one factor "critical to the development of an adequate child care system is the ability to attract and retain committed child care providers." This statement is reinforced by research which demonstrates that rapid staff turnover has a negative impact on the quality of care children receive. An analysis of Census Bureau data shows that, when adjusted for inflation, the mean hourly earnings of female full-time child care providers (excluding in-home providers) has dropped from $2.67 in 1979 to $1.99

in 1988. Child care providers are paid less than animal caretakers, bartenders, or parking lot attendants. There can be no question that low wages are a major factor in the high turnover among child care providers which is 42 percent nationally. This rate is more than double the average for all other occupations. It is for these reasons that states are directed to work to improve the salaries and other compensation paid to child care workers.

Family child care providers

Because family child care providers represent a very important component of our diverse child care delivery system, states are to award specific grants for a range of activities to assist these providers. These include grants for the recruitment and training of family child care providers, and the operation of resource centers to assist family child care through the provision of developmentally appropriate curriculum materials such as age-appropriate toys, books and periodicals. Funds also are to be used to assist family day care providers in purchasing moderate cost equipment to be used to provide child care services as well as other services which the state lead agency may feel appropriate to assist family child care providers.

Resource and referral programs

A sound resource and referral program is a critical element in a comprehensive child care system and benefits all parents whether or not they receive financial assistance under the Act. Resource and referral programs provide valuable support to parents in identifying and locating the child care most appropriate for the needs of their individual children by making available in a single location information on all the eligible child care providers in a given community. Parents can obtain information concerning all types of child care providers and the services they provide including the cost of care and hours of operation, the availability of subsidies, as well as forms of transportation to such child care providers.

Resources and referral programs also serve potential child care providers, including businesses, by supplying information on the availability of training and technical assistance in the area. In addition, resource and referral programs assist states and localities by maintaining a continuous data bank on consumer needs in each community which, in turn, allows states to be more responsive to those needs.

Section 111 requires that resource and referral programs be available in all regions of a state to ensure that parents have access to services whether they live in a rural or an urban area. The Committee expects that resource and referral services will be furnished through local agencies operating in defined geographic areas throughout the state. Resource and referral programs must be available if a state wishes to distribute ABC funds through child care certificates. Unfortunately, only 15 states currently provide any state funding for resource and referral programs. Of those 15, only four states provide enough funding to adequately support state-wide programs.

The Committee recognizes that even though resource and referral programs provide parents with information on a variety of

types of child care providers, the individual needs of parents as well as parental preference for particular types of services may result in what appears to be an uneven distribution of children among child care providers in an area. As a protection against the possibility of discrimination against individual eligible providers or categories of eligible providers, on an annual basis resource and referral programs are to contact all eligible providers in the area to see if they would like information on their program made available to parents. The National Advisory Committee may want to review this matter further while developing model regulations for resource and referral programs.

Payments for the benefit of Indian children

The Committee intends that the tribes receiving funds under this program use the money to provide services to Indian children residing within the tribe's jurisdiction, not just tribal members. In addition, incidental services which may benefit non-Indian children are not prohibited if they can be provided without reducing the level of services provided to the Indian children covered by the tribal grant whether or not those services are provided in conjunction with a formal agreement with the state. The decision on this issue rests with the tribe. The Committee considers transportation, which can be a major limiting factor, an allowable service.

The statutory language is clear that once Federal standards are established, tribal entities shall comply with them fully. However, the legislation sets out the factors to be considered by the Secretary in setting minimum standards for Indian applicants/grantees. The Committee wishes to make plain that the Secretary is to carefully review and take all of these factors into consideration, and exercise a good-faith reasonable effort to tailor standards which use all these factors. Of particular importance are those pertaining to tribal codes or culture. Simply making tribes use state or local standards, for administrative convenience or any other reason, would be a violation of this section.

Finally, the Committee points out the provision which states that nothing in this subsection may be construed as affecting the obligation of the State to provide, or the right of Indian children to participate in, State programs which are covered by this Act.

Licensing and regulatory enforcement

The Committee believes that enforcement of child care licensing and regulatory requirements should continue to be a state responsibility but notes that states must enforce all applicable requirements if federal, state, and local health and safety standards are to have their intended effect. Since the rapid growth of child care programs in the recent past has been accomplished by a reduction in the number of qualified staff available to license and monitor child care programs, ABC funds are to be allocated for activities designed to strengthen state licensing and enforcement. Funds must be used for activities such as training licensing inspectors and ensuring the necessary staff to conduct periodic program inspections. As an additional aid to parents, licensed and regulated child care providers must make written policies and program goals available to parents and must guarantee parents unlimited access to child

care programs during the hours their children are receiving care. States also must implement a consumer education program to make information available to parents and the general public about licensing requirements. Procedures must be implemented to address parental complaints and requires child care providers to post the telephone number of the agency that parents may call to report licensing violations. Finally, states must maintain a record of parental complaints and make information available to the public concerning substantiated parential complaints.

The Committee recognizes that in a number of states school-age child care programs in public and private schools are regulated through state educational agencies. So long as the other requirements of the Act are satisfied, this practice may continue.

Minimum national standards

In addition to the requirement that child care providers meet applicable state licensing and regulatory requirements (including registration) in order to receive ABC funds, the legislation establishes a mechanism for the development of minimum national health and safety standards.

These standards are to be implemented by states during the five year period immediately following their promulgation in final form. States in which licensed and regulated providers meet the minimum national standards will have their state match requirement reduced from 20 to 15 percent of their federal grant.

The standard are to be developed through a process that allows the maximum opportunity for public input. Not later than 60 days after the date of enactment, the Secretary is to establish a 21 member National Advisory Committee on Child Care Standards which is to develop proposed minimum standards. Committee members are to be appointed by the President, the Speaker and Minority Leader of the House of Representatives, and the Majority and Minority Leaders of the Senate. Members of the advisory committee will include representatives of different types of child care programs, resource and referral organizations, child care and child development experts, pediatricians, child care employees, those involved in the regulation of child care services, and representatives of state governments. Not less than one-third of the members of the advisory committee are to be parents who have been actively involved in community child care programs.

Because the Advisory of Committee will include members representing parents, providers, and experts in the field, the proposed standards will reflect a high degree of expertise. For this reason, the Secretary is required to publish the Advisory Committee's recommendations as part of a notice of proposed rulemaking. In addition to the notice in the Federal Register, actual notice must be given to each lead agency and each state subcommittee on licensing for comment. These proposed standards, any standards proposed and published by the Secretary, and any public comment thereto, shall be reviewed by the Secretary in consultation with the Advisory Committee. Following this review, the Secretary shall establish final minimum standards. The Committee wishes to emphasize that while the Advisory Committee's role and participation are substantial, all final decisions on national standards reside with

the Secretary. At the same time, however, modifications in the proposed standards are not to be made arbitrarily and must be discussed in the final notice published in the Federal Register. The advisory committee will disband 90 days after the Secretary establishes the standards based on its recommendations.

The National Advisory Committee on Child Care Standards will develop separate standards for center-based child care services, family child care services, and group home child care services. The scope of the minimum national standards is limited to those health and safety concerns shared by all prudent parents.

For center based care, the standards are limited to group size, child-staff ratios, qualifications and background of caregivers, health, nutrition, and safety requirements for children and caregivers and parental involvement in licensed and regulated child care services. The Act stipulates that group size and child-staff ratio standards reflect the median standards of all states which have such standards on the date of enactment. This is similar to the Department of Defense's policy of reviewing state practices in developing its standards for group size and child-staff ratios. Under this formula 25 states will be automatically in compliance.

For family child care, the standards are limited to the maximum number of children and infants for which care can be provided, the minimum age of the caregiver, and health, nutrition, and safety requirements for children and caregivers. For group care, the standards are limited to child-staff ratios, the maximum number of children and infants for which care can be provided, the minimum age of the caregivers, and health, nutrition, and safety requirements for children and caregivers.

The Committee also recognizes that in certain cases, state regulatory requirements may exceed the federal minimums. States may apply for a waiver to lower standards which exceed the federal minimums if the proposed change is based on a positive child development practice and the state advisory committee concurs with the proposed change. The Committee expects the Secretary to handle such requests in an expedited manner.

Child care services provided by businesses

Section 113 requires that each state use three percent of the funds it receives to encourage businesses to participate in the programs supported by the Act and to generally become more involved in the support and provision of child care services.

Since the increased availability of child care greatly benefits the private sector, it makes good policy sense that businesses be a participant in this major child care initiative. This small percentage of funds is not to be seen as the "business portion" but, rather, it is to act as a catalyst for business to be a partner in the solution to the child care problem. A variety of methods by which a state might accomplish these goals are outlined. It should be noted that these are suggested activities. State and local governments and the business sector are encouraged to use these suggestions where appropriate but also may adopt their own techniques for achieving the stated goals of this section.

States are allowed and encouraged to seek additional resources from the business community in carrying out this section. The pro-

vision calls for the establishment of a Business Partnership Task Force to consult with businesses within the state as well as with the state agency responsible for economic development in planning how these funds will be used. The Secretary may waive the requirements of this section in those cases where the mechanisms are already in place to meet the goals of this provision.

Federal administration

In order to ensure effective administration of this Act, it is important to have a focal point within the Federal government. Therefore, the Secretary is directed to establish a position of Administrator of Child Care within the Department of Health and Human Services (DHHS). The Administrator's functions, however, are extremely limited as the legislation places the prime responsibility for carrying out the provisions of the Act with the states. The Administrator is to carry out the standard activities involved in the administration on a federal grant program, and to assist the states through the provision of technical assistance including the dissemination of information concerning training materials and state child care standards. In addition, the Administrator is to coordinate child care programs within DHHS as well as to coordinate DHHS programs with other federal child care programs. The Committee notes there is currently no single location within the federal government that can respond to the inquiries of parents or state and local governments regarding federal child care programs.

The Secretary is to review and monitor state compliance with this Act and the approved state plans. Should the Secretary find, after reasonable notice and an opportunity for a hearing, that a state has failed to substantially comply with any provision of the Act or the approved state plan, the Secretary shall stop payments to the state until the state can satisfy the Secretary that it is no longer in noncompliance with the Act.

Nondiscrimination

Section 119(b) prohibits child care providers that receive federal financial assistance under the Act from discriminating on the basis of religion in the provision of assisted child care services. This includes admission decisions, fees, level of services and discipline. While Section 119(b) technically provides protection only to that part of a recipient's program which receives assistance under the Act—i.e., only those children funded by the Act—the Committee believes strongly that day care providers receiving such federal financial assistance should make every effort to avoid discriminating in its admissions and employment policies and practices; and it is the hope of the Committee that, in general, all persons requiring day care services will enjoy equality of access to programs funded in whole or part by funds made available under this Act.

The Committee is aware that many religiously-affiliated schools often give preference in enrollment to members of their own religion. With respect to such schools which now, or may later, offer child care services before and after the regular school day, Section 119(b) is not intended to prevent admission of their students to their child care services, so long as the services funded under this Act are provided on a nondiscriminatory basis as set forth in this

section. This section would also permit religiously-affiliated schools to participate without revoking any religious preference as it relates to children in unsubsidized slots.

The Committee believes strongly that, in crafting this church-state relationship, it is appropriate and essential that, to the extent possible, the legislation be implemented so as to protect against entanglement, particularly as we now act to create a new and landmark church-state partnership in an extremely sensitive area of social and political domestic relations.

The Committee emphasizes its intent to protect the religious liberty of children and families even as it seeks to accommodate the functional requirements of religious institutions. Insofar as there may be construed to exist any residual right to discriminate in admissions in favor of members of a particular religion, the Committee intends that such preferences not be implemented in a manner which will undermine the intent of Congress set forth in subsection 118(a) that all funded programs be non-sectarian in nature and in content.

The Committee made certain language changes in Sections 19 and 20 of the original bill in order to simplify the provisions on the separation of church and state and nondiscrimination. It is the Committee's belief and intent that the language of the bill as reported by the subcommittee, although more general in form, embodies the important long-standing public policy and constitutional principles relating to the separation of church and state. No funds may be used for the construction of new facilities.

Parks and recreation programs

The Committee notes that many public recreation and park agencies make valuable contributions to the availability of quality, affordable services for the nation's children and youth. The Committee encourages those charged with making appointments to state advisory committees and to the National Advisory Committee on Child Care Standards to consider including persons recognized for their professional expertise in recreation. In addition, it would be appropriate for resource and referral programs to include information on relevant services for school-age children provided by city, county, special district, or state recreation and park agencies.

Conversely, the Committee recognizes that certain types of youth activities fall outside the bill's intended scope. For instance, seasonal services of organized youth camps, and general recreation services of public park and recreation agencies are not intended to be addressed by the provisions of this bill.

NATIVE HAWAIIANS

Testimony pointed out that the parents of eligible children in Hawaii may wish to use child care programs conducted in the Hawaiian language. Nothing in this legislation is intended to preclude the hiring of staff proficient in the Hawaiian language and culture in child care programs operated in Hawaii.

TITLE II

National Advisory Commission on Public and Private Cooperative Child Care Efforts

This provision establishes a Commission to: analyze existing federal programs involving business-sponsored child care and to suggest new methods to promote greater coordination among these and other federal child care programs; develop approaches to improve productivity and competitiveness by encouraging businesses to provide child care services for their employees; and suggest new methods to promote cooperation between the government and the private sector as a critical step in solving the problem of providing quality child care to working women and single parents. In carrying out its activities the commission should take into consideration state efforts under Section 113. Within a year after enactment of this bill, the Commission is required to present to the President and Congress a report describing its activities, summarizing its findings, and containing any appropriate policy recommendations. The Commission would disband after the submission of this report.

V. Committee Approval

In compliance with clause 2(l)(2)(B) of Rule XI of the Rules of the House of Representatives, the Committee states that on August 10, 1988, a quorum being present, the Committee favorably ordered reported H.R. 3660, as amended, by a vote of 19 yeas to 14 nays.

VI. Oversight Statement

In compliance with clause 2(l)(3)(A) of Rule XI of the Rules of the House of Representatives, this report embodies the findings and recommendations of the Subcommittee on Human Resources, established pursuant to clause 2(b)(1) of rule X of the House of Representatives and rule 18(a) of the Rules of the Committee on Education and Labor. Pursuant to its responsibilities, the Committee has determined that legislation should be enacted as set forth in H.R. 3660.

VII. Inflationary Impact Statement

In compliance with clause 2(l)(4) of Rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment into law of H.R. 3660 will have little inflationary impact on prices and costs in the operation of the national economy. It is the judgment of the committee that the inflationary impact of this legislation as a component of the Federal budget is negligible.

VIII. Oversight Findings and Recommendations of the Committee on Government Operations

In compliance with clause 2(l)(3)(D) of Rule XI of the Rules of the House of Representatives, the Committee states that no findings or recommendations of the Committee on Government Operations were submitted to the Committee.

IX. Cost of This Legislation

A. CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 2(l)(3) (B) and (C) of Rule XI of the Rules of the House of Representatives, the estimate prepared by the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974, submitted prior to the filing of this report, is set forth as follows:

U.S. Congress,
Congressional Budget Office,
Washington, DC, September 8, 1988.

Hon. Augustus F. Hawkins,
Chairman, Committee on Education and Labor,
House of Representatives, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the attached cost estimate for H.R. 3660, the Act for Better Child Care Services of 1988, as ordered reported by the House Committee on Education and Labor on August 10, 1988.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

James. L. Blum,
Acting Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 3660.
2. Bill title: Act for Better Child Care Services of 1988.
3. Bill status: As ordered reported by the House Committee on Education and Labor on August 10, 1988.
4. Bill purpose: This bill would establish and authorize through 1993 a new federal program providing grants to states for improving child care services. Funds would be allocated to states on the basis of population under five years of age and participation in the National School Lunch Program. Three-fourths of the funds would be used to provide child care assistance on a sliding-fee-scale basis to children under 13 years of age in families with incomes below 115 percent of state median income. Most of the remaining funds would be used to improve child care services by establishing licensing and regulatory standards, improving enforcement of such standards, expanding resource and referral systems, increasing training and salaries for child care staff, and making other changes. Three percent of the funds would be set aside to promote child care services provided by businesses. The grants would be subject to subsequent appropriations action.
5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1989	1990	1991	1992	1993
State grants	2,500	2,603	2,707	2,815	2,927
Federal administration	8	8	8	8	8
Commission on Public and Private Cooperation	1				
Total estimated authorization level	2,509	2,611	2,714	2,823	2,936
Estimated outlays	1,370	2,920	2,810	2,790	2,910

These costs would fall within function 500.

Basis of estimate: The bill would authorize $2.5 billion for state grants in 1989, and such sums as may be necessary through 1993. Estimated levels for the such sums authorizations are the 1989 level, adjusted for inflation. The bill would also require several tasks of the newly created Administrator of Child Care. Federal administration was assumed to cost $7 million, based on the average cost of administering other state grant programs within the Department of Health and Human Services. An additional $1 million cost in federal administration costs was assumed in 1989 and 1990 to support a National Advisory Council on Child Care Standards. Administrative costs were assumed to increase with inflation.

Title II would authorize $1 million to establish a National Advisory Commission on Public and Private Cooperative Child Care Efforts. This Commission would report within 18 months on ways to promote employer-sponsored child care through changes in federal programs and tax laws. The Commission would expire 30 days after submitting its report.

Outlays were estimated assuming full appropriation of authorized levels at the beginning of the fiscal year. Spending was assumed to follow the spending patterns of the Child Welfare Services program. However, outlays were reduced in the first year to reflect a planning period for preparation of the five-year state plans.

6. Estimated cost to state and local government: In order to receive Federal grants, states would be required to provide 20 percent matching funds, using public or private non-Federal funds. If the full $2,500 million were appropriated and allocated, states would have to provide $625 million in non-Federal funds, bringing total spending to $3,125 million. The match rate would be reduced to 15 percent once a state demonstrates that all child care services meet the newly established federal child care standards, as well as state and local regulations. States not meeting such standards within five years after they are issued would lose eligibility for grants under this Act.

States would be allowed to use up to 7 percent of their state allotment to develop and administer their state plans. An additional 15 percent would be available for assisting local resource and referral systems, hiring and training licensing and regulatory staff, conducting annual inspection visits to all day care centers and 20 percent of regulated day care homes, training and increasing salaries for child care staff, and for other purposes.

7. Estimate comparison: None.

8. Previous CBO estimate: On February 23, 1988, CBO prepared a cost estimate for H.R. 3660, the Act for Better Child Care Services of 1987, as introduced in the House of Representatives. On August 5, 1988, CBO prepared a cost estimate for S. 1885, the Act for Better Child Care Services of 1988, as reported by the Senate Committee on Labor and Human Resources. This version of the bill costs $1 million more than the earlier two versions, due to the cost of the National Advisory Commission on Public and Private Cooperative Child Care Efforts authorized under Title II. This difference is not reflected in the outlay estimates because outlays were rounded to the nearest $10 million.

9. Estimate prepared by: Julia B. Isaacs.
10. Estimate approved by: C.G. Nuckols (for James L. Blum, Assistant Director for Budget Analysis).

B. COMMITTEE ESTIMATE

With reference to the statement required by clause 7(a)(1) of Rule XIII of the Rules of the House of Representatives, the Committee adopts the estimate prepared by the Congressional Budget Office.

X. SECTION-BY-SECTION ANALYSIS

Section 1 provides that the title of this Act may be called the "Act for Better Child Care Services of 1988."

Section 101 outlines the findings and purposes of Title I.

Section 102 defines the terms used in Title I.

Section 103 authorizes $2.5 billion for fiscal year 1989 and such sums as may be necessary for fiscal years 1990 through 1993.

Section 104 provides for the allotment of funds among states based equally upon the total number of children under five in the state, the total number of children in a state eligible for free and reduced price lunches, and the per capita income of a state. This section also provides for a reservation of funds for Indians and U.S. Territories and Possessions and specifies how payments for the benefit of Indian children are to be made.

Section 105 provides that the Chief Executive Officer of a state desiring to participate shall designate a state agency to administer the program and to carry out activities such as assessing child care needs and resources in the state and developing the state plan.

Section 106 provides that in order to receive an allotment a state shall submit a five-year plan to the Secretary describing how the requirements of the Act will be met including the requirement that 75 percent of the state allocation be used to assist low- and moderate-income families in meeting their child care costs on a sliding fee scale basis, and ensuring parental involvement in state and local planning and monitoring of child care.

Section 107 specifies that states may distribute child care funds on behalf of eligible children through certificates, grants, or contracts, and provides for services to eligible children participating in certain part-day and part-year programs to enable such children to receive full-day and full-year care.

Section 108 authorizes the Secretary to award planning grants to states in an amount not to exceed one percent of their allotment to assist them in preparing the five year plan required by the Act.

Section 109 provides that, five years after federal minimum standards are developed, states implement such standards as a condition of continued eligibility for funds.

Section 110 directs that a state advisory committee on child care be appointed to carry out activities such as advising the lead agency on child care policies, reviewing and evaluating child care services within the state and reporting on child care licensing policies.

Section 111 provides for the establishment of resource and referral programs within states to assist parents in locating child care and assists providers in obtaining training and technical assistance.

Section 112 provides for the implementation of a minimum training requirement for child care providers and financial assistance for individuals seeking training.

Section 113 provides that each state carry out activities designed to encourage businesses in the state to support or provide child care services.

Section 114 establishes the position of Administrator of Child Care within the Department of Health and Human Services to administer the Act.

Section 115 provides that the Secretary review state compliance with the state plans and establishes a procedure to follow if a state is found to be in noncompliance.

Section 116 establishes the non-federal share for states participating in the program and provides that the state match will be reduced when a state implements federal standards.

Section 117 provides for the establishment of minimum national child care standards relating to health and safety of children with the involvement of a national advisory committee.

Section 118 prohibits the use of funds provided under this Act for any sectarian purpose or activity and prescribes certain limitations on the use of funds provided to students in grades one through twelve.

Section 119 makes applicable discrimination prohibitions in certain other federal laws.

Section 120 provides that nothing in this Act shall be construed or applied in any manner to infringe upon or usurp the moral and legal rights and responsibilities of parents or legal guardians.

Section 201 outlines the findings and purposes of Title II.

Section 202 establishes the national commission.

Section 203 sets forth the duties of the commission.

Section 204 outlines the membership of the commission.

Section 205 provides for an executive director and staff for the commission.

Section 206 creates the powers of the commission.

Section 207 provides a termination date for the commission.

Section 208 authorizes one million dollars to carry out Title II.

DISSENTING VIEWS ON H.R. 3660

On August 11, 1988, the Committee on Education and Labor reported, by a vote of 19 to 14, an ill-advised piece of legislation. Although well-intentioned, H.R. 3660, the Act for Better Child Care Services, takes the Federal government down the wrong path in responding to the important issue of child care.

With the care of America's children and fundamental family choices at stake and with the potential of billions of Federal dollars being expended on a Federal child care program, it is incumbent upon us to scrutinize this legislation. After examining the general approach and specific provisions of the Act for Better Child Care Services, we believe that you will conclude, as we have, that this bill should not pass.

A consensus has emerged in Congress that government has some role to play in addressing the child care issue. We recognize the trend of increasing participation of women, particularly of mothers of young children, in today's workforce. Coupled with the simple demographic increase in the number of births as "Baby Boomers" have their own children, the need for child care services has expanded rapidly during the past decade.

However, Congress is far from reaching a consensus on the proper Federal response to the child care issue, and numerous legislative alternatives, reflecting a wide range of philosophies and approaches, have been introduced. These alternative proposals should also be carefully considered before we blindly embrace the Act for Better Child Care Services as the only vehicle available to address the child care needs of American families.

FUNDAMENTAL QUESTIONS

Three fundamental questions have emerged in the child care debate. (1) Should Congress empower parents to choose appropriate child care services for their children or should Congress vest child care decision-making authority and responsibility in the hands of government bureaucrats? (2) Should government child care assistance be available to parents directly or should the assistance be directed to providers of child care? And (3) Should Federal child care policy promote the diversity of America's child care policy strive for uniformity in our child care system?

In response to these fundamental questions, we believe that Congress should empower parents, by enhancing child care options available to them, rather than shift child care responsibility to the government. We believe further that, if government is to make child care assistance available, providing that assistance directly to parents is the most equitable and efficient approach. Finally, we believe that government policy should preserve and promote a di-

verse child care system to ensure maximum freedom of choice in the care and rearing of children.

In contrast, supporters of the Act for Better Child Care Services apparently have more faith in the ability of government than they have in parents to make good decisions about child care. The primary mechanism to deliver assistance in their bill is for government bureaucrats to make grants to child care providers, rather than to offer assistance directly to parents. And the result of the Act for Better Child Care Services will be an increasingly uniform child care system, dictated by Federal standards, that relies on regulated, mostly center-based care provided by trained professionals as the only child care arrangement sanctioned by the government.

To defend this bureaucratic, government-centered response to child care, proponents of the Act for Better Child Care Services argue that a "crisis" exists in the availability, affordability, and quality of child care in this country and that extensive federal involvement is the only solution to the issue. While there is clearly a growing need for and use of nonparental child care, there is little real evidence of a crisis. Supporters of the bill have not justified the need for the broad government intervention into child care called for in the proposed Act for Better Child Care Services.

AVAILABILITY

To demonstrate an availability crisis in child care, the Committee report relies on two misleading measures—a comparison of the number of licensed child care slots with the number of preschool and school-age children with working mothers and waiting lists at certain day care centers. These comparisons and the anecdotal evidence provided do not validate a serious child care supply shortage.

Comparing the number of licensed child care slots with the number of children with working mothers simply demonstrates the extent of child care which is provided in regulated versus unregulated settings. And, while waiting lists may connote parents' preferences, they do not necessarily portend a shortage. For example, since non-profit or government subsidized centers are able to offer slots at below market prices, it is natural for their slots to be filled first, leading to long waiting lists at some non-profit or subsidized centers.

Unfortunately, the impression left by these comparisons and anecdotes is that large numbers of young children are being left without any supervision or in dubious or irresponsible care. This is simply untrue.

The most recent Census Bureau survey data indicates that virtually no children under age five with working mothers were left without supervision for any part of the day. Of the 8.1 million preschoolers with working mothers, this data reveals that 3.3 million were cared for by a relative; another 2.3 million were cared for in either the child's home or another person's home by nonrelatives, and 1.9 million were in organized child care facilities. Only 13 percent of children under five years old reportedly had more than one child care arrangement.

In fact, the child care market has responded exceptionally well to increasing demand. The number of child care centers has more

than doubled over the last 10 years, from 18,307 centers (with a capacity of 101 million children) in 1976 to about 40,000 centers in 1986 (with a capacity of approximately 2.1 million children). Far from indicating a shortage of slots, for-profit child care centers, for example, are operating at an average of about 70 percent of capacity.

Similar increases have been seen in licensed home care. The National Association for the Education of Young Children estimates that approximately 105,400 licensed day care homes were in operation in 1956, compared to about 73,750 in 1977. Moveover, it is estimated that 70 to 90 percent of home-base child care is unregulated, indicating that thousands more day care homes are in operation. These unregulated providers are typically young mothers caring for their own and one or two additional children in their homes.

During this itme of rapid expansion of supply, the cost of child care has been relatively stable. An analysis by Sandra Hofferth of the National Institute of Child Health and Human Development shows that, when adjusted for inflation, expenditures on day care center care did not rise at all between 1975 and 1985, and expenditures on day care home care have risen only slightly.

Economists, such as Phil Robins of the University of Miami and Rachel Connelly of Bowdoin College, who have analyzed the child care market conclude that it is functioning extremely well. These economists argue that the child care industry is in a state of equilibrium with supply and demand for child care approximately in balance. This research has been ignored by the proponents of the Act for Better Child Care Services because it is inconsistent with their availability argument.

AFFORDABILITY

The next argument made by proponents of the Act for Better Child Care Services is that child care is unaffordable. In fact, there is wide diversity in expenditures on child care, varying by age of the child, type of child care arrangement, family income, and geographic location.

First it should be noted that an estimated 20 percent of employed mothers did not pay anything for child care. At the other end of the spectrum, some child care centers charge $5,000 or more per slot. Of women who pay for child care services, the median weekly expenditure according to the most recent Census Bureau survey was $38, or just under $2,000 annually—not the average $3,000 annual expenditure cited in the Committee report. The National Longitudinal Survey of Youth and the Consumer Expenditure Survey indicate similar actual expenditures—between $1,500 and $2,000 annually—on child care.

More informative, however, is data on expenditures on child care as a percent of family income. The Congressional Research Service, using data from the Survey of Income and Program Participation, estimate that of all families that spent money on child care, median weekly expenditures represented 6.2 percent of family income.

Further, as family income increased, the proportion spent on child care decreased, even though upper-income families spent a significantly greater dollar amount for child care. According to the CRS analysis, for families with incomes below poverty, estimated median expenditures were $25 per week, representing 20 percent of income. For those families with incomes between three and four times the poverty threshold, median expenditures were $40 per week, but his represented only 5.4 percent of income; and above four times the poverty threshold, expenditures on child care fell to 4.3 percent of income, even though the median dollar expenditure increased to $50 per week.

Clearly, affordability of child care is a real concern for lower-income families, and government assistance should be targeted to those families. Perversely, current federal tax policy rewards middle- and upper-income families to a much greater extent than low-income families. Enactment of the Act for Better Child Care Services would compound this inequity by allowing the same middle-income families who are receiving tax credits to qualify for additional child subsidies.

The Committee report further suggests that federal support for child care is seriously lacking. However, in testimony presented to the Committee, Douglas Besharov of the American Enterprise Institute, noted that federal expenditures on child care have more than doubled in the last 15 years after adjusting for inflation. Projected Federal expenditures on already existing child care programs will total about $8 billion in 1989. Unfortunately, these existing expenditures are disproportionately benefiting the middle class at the expense of low-income families, and the Act for Better Child Care Services does nothing to remedy this problem.

Finally, it is often noted that child care expenses are a significant deterrent to employment among welfare recipients. We do not necessarily disagree, but we suggest that pending welfare reform legislation is a more appropriate way to address this particular aspect of the child care debate. Briefly, however, we note that welfare recipients are much more likely to have relatives care for their children at little or no cost. Further, the existing child care income disregard available to recipients of Aid to Families with Dependent Children is used by only 19 percent of those eligible, and the average claim for this dollar-for-dollar reimbursement for child care expenses available to AFDC recipients is far less than the $160 per month allowed.

QUALITY

The Committee report and proponents of federal intervention in child care, insist that the quality of child care in this country is inferior and in many cases even dangerous. The bulk of the evidence offered to support this assertion, however, is anecdotal.

We share the concern of proponents of this bill about the tragedies, that have occured in child care settings. However, we do not accept the notion that the anecdotal evidence provided by the Committee report is representative of the general condition of child care in America. On the contrary, research suggests that parents

are generally satisfied with the quality of care their children receive.

Moreover, the solution to the quality issue proposed in the Act for Better Child Care Services is increased regulation. Yet, there is no evidence of a correlation between the existence of extensive regulations and fewer child care tragedies or higher quality of care.

On the contrary, the most extensive evaluation of family day care—the National Day Care Home Study, commissioned by the Department of Health and Human Services in the late 70s—concluded that family day care is of high quality and that there is virtually no difference in the level of quality of regulated versus unregulated home-based child care.

The only empirical research cited by the report as evidence that standards can help reduce the likelihood of abuse is, in fact, inconclusive. The data to support the Committee's claim that regulated care is safer than unregulated care is derived from a North Carolina study that categorized complaints received against licensed and unlicensed day care centers and homes. Of approximately 129 complaints against licensed day care homes, 8 percent were classified as either severe or substantiated abuse. Of 38 complaints against unlicensed day care homes, 26 percent were classified as severe or substantiated, leading to the assertion that complaints against unlicensed homes are three times more likely to be severe than licensed homes.

However, of complaints against licensed day care centers, 25 percent were classified as severe or substantiated abuse. No severe or substantiated abuse complaints were made against unlicensed centers in the records examined in the North Carolina study.

Further, this data reveals nothing about the frequency or rate of complaints in licensed versus unlicensed care as a whole in North Carolina because very little information is available on the total number of unlicensed homes. Therefore it is impossible to substantiate the claim that unlicensed care is more likely to have a severe complaint lodged against it than licensed care.

One could also conclude from the North Carolina study that, because 88 percent of complaints received by the State were against licensed or registered providers, regulation does nothing to promote the safety of children.

The authors of this study do note that, "on the whole, complaints were made on relatively few programs, indicating at least on the surface, some degree of satisfaction with the delivery of day care services in the state." The authors further state that "parents, if given accurate and complete information, will act in the best interest of their children." We wholeheartedly agree, and we support efforts to empower parents in this way. Parents, not government bureaucrats, are the best enforcers of quality child care.

ANALYSIS OF THE BILL

In addition to rejecting the arguments used to defend the need for extensive intrusion by the federal government in the child care market that would result from this legislation, we are deeply concerned about the general approach and specific provisions of the Act for Better Child Care Services.

In general, we are concerned that (1) the bill is poorly targeted; (2) the bill limits parental choice; (3) the bill imposes unnecessary federal standards; and (4) the bill raises serious constitutional questions regarding the separation of church and state. In addition to these broad areas of philosophical disagreement, there are numerous provisions of the bill about which we have reservations, which will not be discussed here.

POORLY TARGETED

The bill as reported defines eligible children as those up to the age of 13, whose family income does not exceed 115 percent of State median income. Approximately 18 million children—nearly 70 percent of all children under age 13 with working mothers—meet this definition. Yet, proponents of the Act for Better Child Care Services suggest that only about 700,000 children could be served *if* the bill is fully funded at $2.5 billion annually.

The income eligibility ceiling in the bill is high enough to be essentially meaningless. Families with incomes of over $40,000 in some states would be eligible for subsidies. These are the same working parents who are taking advantage of tax credits. Efforts to better target assistance by lowering the income eligibility ceiling, however, failed in Committee.

Supporters of the bill argue that it is necessary to have middle-class support for this program if it is to succeed. They assure us that because the bill requires that assistance be targeted to the lowest income families, we need not worry about eligibility criteria. In fact, there will be great pressure to subsidize middle-income families which meet the eligibility definition. At best, the bill creates exceedingly high expectations that the federal government cannot possibly fulfill.

As we outlined above, we agree that there is a federal role to address child care needs. We believe, however, that we must better target limited federal resources to those with the greatest need.

CHOICES LIMITED

Although the Act for Better Child Care Services pays lip service to parental choice in child care, several provisions of the bill negate those platitudes. In reality, only certain choices are rewarded by this bill, while other legitimate choices are denied benefits.

First, the Act for Better Child Care Services offers no support to those families where one parent, often at substantial financial sacrifice, chooses to remain home and raise his or her own children. Passage of this legislation would, therefore, perpetuate the existing federal child care policy bias against mothers who choose this option.

Second, the Act for Better Child Care Services restricts, rather than expands, child care options for employed mothers by only subsidizing certain forms of nonparental child care. To be an "eligible provider" under this bill, a caregiver must be licensed or regulated by the State. This definition excludes the majority of child care arrangements currently being made by employed mothers.

For example, the most common child care arrangement for preschoolers—care by a relative—is excluded from assistance under

this definition. That means that the nearly 4 million preschoolers currently being cared for by relatives or by mothers while they are at work would have to be placed in a regulated child care setting in order to benefit from this bill. This bias against family members caring for children is unjustifiable.

Third, this Act's reliance on government grants and contracts with providers of child care as the means to provide child care assistance places child care choices in the hands of government bureaucrats, not parents. Only those parents who choose and are able to avail themselves of government-selected child care providers will receive any assistance under this bill. Only if the State chooses to implement a voucher system would some parental choice be available. Even then, vouchers can only be redeemed by providers deemed eligible by the State.

Finally, the Act for Better Child Care Services eliminates the option of religious child care. Although conflicting interpretations of the legislative language have been made, it appears that church-sponsored child care providers would not be eligible providers under the conditions of the bill unless they completely secularize their programs.

FEDERAL STANDARDS

Of particular concern to us are the provisions in the Act for Better Child Care Services establishing federal child care standards. Although revised slightly from the bill as introduced, these provisions will result in extensive federal mandates to the states on the regulation of the child care industry. We do not oppose the existence of standards, but the imposition of federal standards on the states has not been justified.

All states presently license day care centers; all but two states regulate home-based providers. There are simply very few formal child care arrangements that are presently exempt from any regulation. Moreover, the trend among the States over the last five to ten years has been to strengthen and improve their regulation of child care. There is no indication that States are about to regress significantly in this area.

States have approached the regulation of child care in a variety of ways and have developed standards suited to their unique needs. It is questionable whether one uniform set of national child care standards will be appropriate for all areas of the country. What works in New York or Massachusetts may be totally inappropriate in Iowa or Nebraska.

As discussed earlier, research on the impact of regulations on the quality of child care is inconclusive. However, increasing standards will undoubtedly increase the cost of child care and could potentially reduce supply. It is ironic that those arguing that there is a crisis in the affordability and availability of child care are supporting legislation that will likely exasperate these preceived problems.

Two of the proposed areas of federal standards, for example, are staff-child ratios and group size. Presumably, half of the States would be required to lower their staff-child ratios and reduce group size to be in compliance with the Act's mandates. Because staffing is the single greatest contributor to the cost of child care—repre-

senting up to 80 percent of the total—these two factors alone will contribute significantly to the cost of care.

An analysis of the impact of the Act's proposed federal standards by Child Care Review, estimates that 786,400 children would be displaced from licensed child care facilities and that the standards would increase the cost of licensed child care for parents by nearly $1.2 billion a year. These negative side-effects of the bill, however, would not be felt equally by all states. The Child Care Review study indicated that ten southern states will absorb nearly four-fifths of the total cost increase and displacements.

With costs so high and benefits so uncertain, it is unwise to begin imposing federal standards on the child care industry.

CHURCH-STATE ISSUES

Among the most controversial issues on the child care debate are the extent to which religious child care providers will be eligible for assistance and the contitutionality of regulating church-sponsored child care. Because churches provide a considerable share of child care in this country, these issues are particularly important.

According to the Committee report, the intent of subsection 118(a) of this bill is that "all funded programs be non-sectarian in nature and in content." Thus, it appears that the Committee intends that church-sponsored child care providers must secularize their programs in order to qualify for benefits under this bill. This violates the long-standing principle that one cannot be forced to give up a First Amendment right, in this case freedom of religion, as a condition of receiving government benefits.

In addition, the prohibition against funding religious day care extends to grants, contracts and vouchers, which are provided with federal funds. This restriction on the use of vouchers goes beyond what is necessary to ensure separation of church and state. Supreme Court decisions, notably *Witters* v. *Washington Department of Services for the Blind* decided in 1986, have made clear that indirect assistance, such as certificates or vouchers, may be used at pervasively sectarian institutions which are freely chosen by the recipient of the voucher. Thus, the bill's prohibition on the use of child care certificates at church-sponsored child care centers goes beyond constitutional requirements.

At the same time, the Act for Better Child Care Services poses additional problems by imposing government regulations on religious day care. Federal minimum regulations must be applied by the States to *all* child care providers required to be licensed or regulated by a State, regardless of whether they receive funding under this bill. Only a handful of states exempt church-sponsored child care from state licensing requirements; in all other states federal standards involving training, background and qualifications of staff, among other standards, would be imposed on religious institutions providing child care services. This potential for significant government intrusion in the affairs of religious institutions, which as part of their religious mission offer child care services, is extremely troublesome.

At best, the funding and regulation of church-sponsored child care will be decided by the courts, if Congress enacts the Act for

Better Child Care Services. The church-state separation problem is intrinsic to this bill's approach to the child care issue and protracted litigation will undoubtedly result, if the bill is enacted.

CONCLUSION

For these and other reasons we oppose the Act for Better Child Care Services. Enactment of a major child care bill will establish the pattern of federal involvement in this area for years. We strongly believe that the approach taken by this bill is inherently flawed and must be defeated. The child care issue should be addressed, but this is the wrong bill at the wrong time. Addressing the child care issue is not as simple as ABC.

TOM TAUKE.
TOM PETRI.
STEVE GUNDERSON.
DICK ARMEY.
PAUL B. HENRY.
CASS BALLENGER.
TOM COLEMAN.
MARGE ROUKEMA.
STEVE BARTLETT.
FRED GRANDY.

ADDITIONAL VIEWS OF HON. HARRIS FAWELL ON H.R. 3660

I concur with the dissenting views submitted by my Republican colleagues on the issues of child care availability, affordability, and quality. I do, however, have some concerns about my colleagues' interpretation of the church/state provisions included in the ABC child care bill. The church/states issues raised in the ABC bill are very complicated and will merit further scrutiny on the part of Congress.

Let it be clear that I am strongly opposed to the ABC child care bill for the reasons outlined in the dissenting views on availability, affordability, and quality.

HARRIS W. FAWELL.

ADDITIONAL DISSENTING VIEWS OF HON. RICHARD ARMEY ON H.R. 3660

The chief problem with the ABC bill is that it is inherently discriminatory.

By helping only those families that use formal child care centers, while doing nothing for couples who raise their children at home, it discriminates against the traditional family in favor of the two-income family. It not only accommodates perceived demographic trends, it reinforces them. It amounts to a statement by the government that families should deposit their children in child care centers rather than raising them themselves.

There is no justification for this bias. On the average, if a couple chooses to have one spouse stay at home to care for the children, they sacrifice $11,000 in foregone income. If a family chooses instead to leave both spouses in the workforce, they will have to pay perhaps $3,000 a year for child care expenses. Why should we help the family that use formal child care, while doing nothing for the family that makes an even greater financial sacrifice to raise their children at home?

This bill in effect tells young parents that if they choose to stay home for even a year or two to care for their babies, we will *punish* them for doing so. We will not only decline to provide them with any financial relief, we will make them pay taxes to support the children of other parents who choose to put their children in child care centers from Day One.

Familes that care for their children at home are not the only ones discriminated against. The ABC bill also discriminates against families that have relatives and friends care for their children. It discriminates against families that place their children in religious day care centers. It discriminates against families that have a neighbor take care of their children.

Across the board, it amounts to a government rejection of all child-rearing arrangements except for one: the secular, government-approved, government-regulated, government-controlled child care institution. With this bill, government bureaucrats, undoubtedly steeped in whatever novel child development theory is in fashion at the moment, will tell families, "We'll help you raise your children, but only if your raise them *our* way."

There is, however, a nondiscriminatory alternative: By adjusting the tax code—either to increase the dependent exemption or universalize the child care credit—the government could provide financial relief to *all* families, those that use Federally-regulated child care services as well as those that do not.

Such a policy would not only be completely nondiscriminatory, it would also address the root cause of this issue.

The advocates of this bill are indeed correct on at least one point. It *is* hard to raise children today. The crucial question, however, is, Why?

I believe the answer is clear: *the American family is overtaxed.*

Between 1960 and 1984, the average tax rate for single persons and childless couples did not change. For couples with two children, however, taxes rose 43%. For families with four children, *taxes rose by a mindboggling 233%.*

That is the "child care crisis". Over the last twenty-five years, we have seen a massive shift of the tax burden onto the back of families with small children. The chief cause is the erosion of the value of the dependent exemption. If the exemption had been adjusted for inflation over the years, it would be worth $6,468 today. Instead, it is worth only $2,000, even after a supposedly pro-family Tax Reform Act. If couples cannot get by on a single income, and cannot afford child care even if they both work, *that* is the explanation.

I firmly believe that the House should reject the narrow and discriminatory ABC bill and instead consider a broad and nondiscriminatory approach to the child care problem.

DICK ARMEY.

DISSENTING VIEWS OF HON. WILLIAM F. GOODLING ON H.R. 3660

I believe that this legislation, which creates a major new Federal role in the provision of child care, is one of the most important issues I have dealt with since I came to Congress. There are pressing social and economic reasons for the dramatic increase in the use of child care, and whether we like it or not, more and more children will be cared for by persons other than their parents in years to come. Federal child care legislation is so important because it will influence the way millions of American children are reared. In light of this, I have to honestly say that I have never been so fearful of a piece of legislation in my fourteen years as a Congressman.

It is one thing to acknowledge that the Federal government has a role to play in helping families find child care of high quality, as I do, and quite another to place the Federal government in control of deciding what is and is not acceptable child care. While it is indisputable that great changes are taking place in the American family, we must not make policy here in Washington that further weakens the responsibility of parents to care for their children. The Act for Better Child Care (ABC) would have the Federal government establish national standards for child care. I am afraid that this is a small step in the direction of having bureaucrats decide what sort of care will be provided to children from the time they are born until they are out of school.

This matter is much better left to parents to decide. If there is a need for regulations and guidelines, these are better provided by local representatives. Do children in Florida need the same amount of floor space as a child in North Dakota when they can be outside almost every day? The proposed ABC legislation would, in some cases, have us use the median of all States' current requirements in deciding what child care providers must adhere to. This seems a foolish and naive approach to such a set of individual circumstances. I am fundamentally opposed to the imposition of national standards on child care because of what it says about the role of parents and the power it bestows on the Federal government.

Another concern of mine is the way that the ABC bill defines who is eligible to participate. As it currently stands, families with incomes below 115% of the State median income are eligible for Federal assistance. This means that in my own State of Pennsylvania, a family of three with an income of $31,000 would be eligible for Federal subsidy. The full $2.5 billion authorized by ABC would only serve approximately 5% of the total eligible population. I have always argued that it is wrong for us here in Cognress to promise something that we can not deliver, and we will never be able to deliver on this one.

There are now a wide range of child providers from which families can choose. These include proprietary and nonprofit child care centers, church based centers, family child care providers, and in home care. It should be an essential goal of any child care legislation that it not tilt the playing field in favor of any one child care arrangement. I believe that the current legislation fails on this count. The combination of imposed Federal standards, training requirements, and modes of reimbursement are likely to favor center based care over more informal arrangements. In addition, I seriously doubt whether the current ABC legislation will withstand court challenge with regards to the inclusion of church based child care in its reimbursement program.

These are some of my specific objections to the ABC legislation. There are others. However, I think that we first need to step back and think more generally about what is to be the scope and responsibility of the Federal involvement in the child care area. I believe that we should use education as a model and work under the assumption that child care is a local function, State responsibility, Federal concern. With this model as a guide, we can then plot an appropriate Federal role that on the one hand helps those in need receive quality child care, yet does not attempt to become the final arbiter of what is good and right for all children.

BILL GOODLING.

DISSENTING VIEWS OF HON. TIMOTHY J. PENNY

With the over 100 bills concerning child care introduced in this Congress, the need for child day care is obvioulsy becoming a priority for policymakers. While we agree on the needs, we do not universally agree on the best approach to take in meeting those needs. The Act for Better Child Care, approved by the Education and Labor Committee, is one approach, but it is only one way of addressing the issue.

Instead of spending our federal dollars in direct subsidies to child day care providers as set forward in H.R. 3660, I favor block grants to states to use in enhancing and stimulating child care. I prefer encouragement through the tax code for in-home child car and certain tax code incentives to businesses to provide child care services for their employees. It may also be possible to better allow low-income families to benefit from the dependent child care tax credit. I also have strong interest in targeting funds to programs for the over 7 million children between the ages of 5 and 13 who have no parent at home when they return from school. These "latchkey" children are in need of particular attention and could perhaps be assisted by innovative use of existing school facilities.

However, my main objection to H.R. 3660 is that it creates an ongoing entitlement to child care which would require a minimum annual expenditure of $1.8 billion. If we do not reduce our overwhelming federal deficit, we will be mortgaging our children's futures in order to pay for their care today. I believe this is wrong. Our children deserve a better legacy and we should work toward child care legislation that is effective and fiscally responsible.

TIMOTHY J. PENNY.

ADDITIONAL VIEWS OF HON. JAMES M. JEFFORDS

H.R. 3660, the Act for Better Child Care Services, represents one approach—and one step forward—in meeting the need of millions of American families for quality child care for their children.

I believe that the bill has merit and should be a part of a more comprehensive and balanced initiative designed to draw upon all available resources in meeting our growing and diverse child care needs.

I am, nonetheless, deeply disturbed that in its present form, the bill contains several provisions that have raised some very serious church-state and discrimination issues. During Committee mark-up of H.R. 3660, I offered two amendments that would have denied Federal assistance under this Act to a child care provider that discriminates on the basis of religion against any child in providing child care services, or any individual with respect to employment to provide such services. I regret that these amendments were not accepted. But, at such time as the bill comes to the Floor for House consideration, I intend to offer these amendments again. I believe that sound public policy dictates that these non-discrimination provisions be incorporated in this legislation. Absent these provisions, I believe that we are reversing the policy that was clearly articulated in the recently-enacted Civil Rights Restoration Act. Unless these outstanding issues are addressed and resolved, we may well be dooming this measure, if enacted, to years of constitutional challenge and protracted litigation.

Any comprehensive approach to meeting the challenge of providing affordable, quality child care must include changes in the current Internal Revenue Code. While the Code provides for tax credits for certain dependent care expenses, this credit should be carefully reviewed with an eye to making the credit more generous and refundable to those families who have very limited or no tax liability. Clearly, these are the families who require the greatest measure of child care assistance.

A comprehensive and balanced response to the child care crisis must fully enlist the participation and support of the business community. We must analyze those portions of the Internal Revenue Code that have an impact on employers—both large and small—to insure that there are adequate incentives for them to treat child care services as a cost of doing business—and, therefore, available to employees in virtually every workplace. I feel that this is especially important for small businesses in which the majority of American workers are employed.

We continue to hear of the difficulties which child care providers encounter in obtaining comprehensive liability coverage at fair and reasonable premium costs. In my judgment, this still constitutes a major barrier in expanding child care services.

At this time, we have a number of established Federally-assisted programs that provide child care or related services to certain families. The Social Services Block Grant Program, Head Start, Chapter 1 Pre-School Programs, the Child Care Food Program, the Dependent Care State Planning Grant authority and JTPA are several that come to mind. At the same time, we are moving ahead to enact new early years education programs and a welfare reform package. I have some very real doubts that we have put all of these Federally-assisted programs and initiatives on the table and taken a long, hard look at their relationship one to the other and to the long-term and overall child care objectives we must achieve.

While I support many of the provisions incorporated in the Act for Better Child Care Services, I believe that it represents only one phase of what must be a broader, well-balanced, and adequate national child care policy.

JIM JEFFORDS.

ADDITIONAL VIEWS ON H.R. 3660

An additional issue created by the "ABC approach" to child care is the impact of the recently enacted Civil Rights Restoration Act, P.L. 100-259. Unfortunately this issue has not been as thoroughly reviewed as it ought to be by the Committee, and thus little guidance has been given to those on either side of this difficult and often emotional subject.

What, for example, does the fact that the Civil Rights Restoration Act extends Title IX and Section 504 nondiscrimination requirements to "the entire plant or other comparable, geographically separate facility to which federal financial assistance is extended" mean for those churches and private schools which rent space to a day care provider, which provider might receive ABC funds? Would those churches and private schools be placed under Title IX and Section 504, though they themselves did not receive funds or administer the program?

Equally unexplored has been the question of what effect is Section 19 of the bill. For example, that section seems to suggest that receipt of ABC funds automatically triggers the enforcement coverage of Title IX of the Education Amendments of 1972. Yet Title IX has historically applied only to "education" programs and, in the area of admissions, only to higher education. If Title IX is now to apply to day care programs, will religious day care providers have to apply to the Department of Education for exemptions on the basis of "religious tenets", as has been done on higher education, if they in any way discriminate on the basis of sex in program or employment.

Similarly, Section 19 simply refers the difficult questions surrounding facilities for the handicapped to the Rehabilitation Act of 1973. But that avoids the question of what accommodations will be required by providers which receive ABC funds. How many family day care providers, for example, could afford to install ramps and other such "reasonable alterations", as that Act has required?

Unfortunately the Committee gives no guidance on these important questions.

PAUL B. HENRY.

INDIVIDUAL VIEWS OF HON. PAT WILLIAMS

As an original cosponsor of the Act for Better Child Care, it was disappointing to cast a nay vote on final passage of the bill in Committee.

Language in the original bill, as introduced, provided some protection against First Amendment violations. The legislation as reported out of Committee will in fact encourage entanglement of church and state. It may well violate the Constitution because of the advancing of religion. The legislation also clearly sets precedent for allowing vouchers to be used for early childhood education.

Child care is education. It is shocking that this Committee, the House Education Committee, declares that child care is simply custodial care. The reality is that education will take place in both pre-school and after-school child care. Education will and should be provided to children in child care settings. There has been a long constitutional history prohibiting federal funds being sent to religious institutions to provide childhood education. It is naive to believe that a child care program in a religious setting controlled by a religious group is not going to intentionally or inadvertently instill specific religious values in our children.

For 10 years in this Committee and 6 years in the Budget Committee I have supported child care and have worked to assure that the budget allows for a child care appropriation. I am hopeful that a compromise is possible, so that we encourage the utilization of church day care settings (which currently provide one-third of this Nation's child care); and yet not have the bill struck down as unconstitutional or create a very difficult entanglement problem for our churches.

A non-sectarian board operating these child care programs, which are physically located in religious institutions or otherwise associated with churches, would meet our goal of enacting solid child care legislation which will assist the working mothers and fathers and the children of our land.

PAT WILLIAMS.